

Message Text

SECRET

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61-S

ACTION ARA-10

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01 L-02

H-01 CIAE-00 INR-07 NSAE-00 PRS-01 OMB-01 TRSE-00

AID-05 EB-07 COME-00 /061 W
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P 072318Z JAN 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 3927

SECDEF WASHDC PRIORITY

USCINCSO QUARRY HTS CZ PRIORITY

S E C R E T QUITO 0149

ARA PLEASE PASS TO AMBASSADOR BREWSTER

E.O. 11652: GDS

TAGS: MASS, EC

SUBJECT: FY 76, TRANSITION QUARTER, AND FY 77 SECURITY ASSISTANCE
PROGRAM FOR ECUADOR

REF: USCINCSO 032034Z JAN 75 (NOTAL)

1. REFTTEL, WHICH WAS NOT TRANSMITTED TO WASHINGTON ADDRESSEES, PROVIDED PLANNING GUIDELINES FOR REFINEMENT OF INDIVIDUAL FY 76 GRANT MAP AND FMS CREDIT AVAILABILITY, AS WELL AS PROJECTIONS FOR FY 77. THESE FIGURES ARE PRESUMABLY AVAILABLE IN WASHINGTON FROM ODS/ISA/DSAA. FY 1977 FMS CREDIT FOR ECUADOR WAS GIVEN AS \$6.0 MILLION.

2. EMBASSY HAS PLANNED ON \$10.0 MILLION IN FMS CREDIT AVAILABILITY EACH YEAR FOR THE NEXT FIVE YEARS (FY 76 THROUGH FY 80). THIS FIGURE WAS MOST RECENTLY CONFIRMED TO US FROM THE DEPARTMENT OF STATE ON NOVEMBER 21, 1974, AND ARE CONTAINED IN THE DEPARTMENT OF STATE'S SUBMISSION TO THE OFFICE OF MANAGEMENT AND BUDGET DATED NOVEMBER 14, 1974.

3. WE BELIEVE THAT FIGURE (\$10.0 MILLION PER YEAR IN FMS

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CREDIT) IS A SOUND ONE, AND EMBASSY HOPES IT WILL BE POSSIBLE TO

STICK TO IT. AS ADDRESSEES ARE WELL AWARE, FMS SANCTIONS AGAINST ECUADOR WERE ONLY LIFTED 10 MONTHS AGO, AFTER AN ALMOST THREE-YEAR HIATUS. WE ONLY ON DECEMBER 6TH REACHED FULL COMPLEMENT OF THE MINUSCULE SIX MAN USMLO, ACCOUNTING FOR A DELAY IN GETTING THE FMS PROGRAM INTO FULL SWING. ALTHOUGH ECUADOR HAS A CURRENT FMS CREDIT LINE OF \$12.0 MILLION, IT HAS NOT YET MADE USE OF IT. THIS FACT DOES NOT, HOWEVER, MEAN THAT THE NEED FOR CREDIT IS NOT HERE. ALTHOUGH HER FIRST SIGNIFICANT MILITARY EQUIPMENT PURCHASES FROM THE US HAVE BEEN FOR CASH, OR WITH FINANCIAL ARRANGEMENTS MADE ELSEWHERE BY THE GOE, NOW THAT SHE IS FOCUSING ON LONGER TERM NEEDS, INCLUDING POSSIBLE NEW SHIP CONSTRUCTION, SHE WILL ALMOST CERTAINLY WANT A SUBSTANTIAL LINE OF CREDIT.

4. WHILE WE REALIZE THAT THERE ARE CONSIDERABLE PRESSURES, PARTICULARLY IN THE CONGRESS, TO PUT FURTHER PRESSURE ON MILITARY AND SECURITY ASSISTANCE PROGRAMS, FMS CREDIT IS A PRIMARY MEANS OF HELPING THE SALE OF US-MANUFACTURED EQUIPMENT OVERSEAS WITH ALL THE IMPLICATIONS THAT HAS FOR OUR ECONOMY IN ITS PRESENT STATE.

5. POLITICALLY, THE USE OF FMS CREDIT IN ECUADOR SERVES EXTREMELY IMPORTANT US POLICY GOALS -- OUR EFFORT TO RE-ESTABLISH RELATIONS WITH THE MILITARY GOVERNMENT HERE, AND TO HELP THEM REGAIN A SENSE OF PARTNERSHIP WITH US BY ASSISTING IN RE-EQUIPPING THEIR ALMOST HOPELESSLY OBSOLETE MILITARY ESTABLISHMENT. THE AMOUNT WE ARE TALKING ABOUT IS PICAYUNE -- LESS THAN HALF THE AMOUNT WE PROPOSE TO MAKE AVAILABLE TO EACH OF ECUADOR'S NEIGHBORS (PERU, \$25 MILLION; BRAZIL, \$75 MILLION; VENEZUELA, \$21 MILLION; COLOMBIA, \$21 MILLION). IT IS SIGNIFICANTLY BELOW WHAT WE PROPOSE TO MAKE AVAILABLE TO OTHER COUNTRIES, SUCH AS ARGENTINA (\$43 MILLION), AND WOULD EVEN PUT ECUADOR BEHIND (IF THE (6 MILLION FIGURE PROPOSED FOR ECUADOR WERE ACCEPTED) HONDURAS (\$8 MILLION).

6. EMBASSY REAFFIRMS ITS CONVICTION THAT THE \$10.0 MILLION FIGURE FOR FMS CREDIT FOR FY 77 IS THE MINIMUM WE SHOULD PROVIDE, CONSISTENT WITH THE NEEDS OF US POLICY

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INTERESTS IN ECUADOR, AND WOULD APPRECIATE CONFIRMATION THAT THIS FIGURE IS THE ONE WHICH WILL BE REQUESTED OF THE CONGRESS.

7. AMBASSADOR BREWSTER, PRESENTLY IN WASHINGTON, CONCURS WITH THIS POSITION.
HEMENWAY

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NNN

Message Attributes

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Margaret P. Grafeld
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